

# Conference Speech

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***New Homes, Stronger Neighborhoods: Using Compact Development for Revitalization • Local Government Commission • Azusa Women's Club • June 28, 2002***

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While needs greater than they have ever been and with uncertain economic picture, there are still reasons to be optimistic about California's ability to meaningfully address our housing crisis:

## State Partnership

1. State has truly stepped up to plate as full partner in addressing housing needs. Davis Administration provided the largest general fund budget for housing of over \$500 million, which will provide over 57,000 new affordable units. Current economic conditions won't be able to sustain that level—While adequate state funds are critical, State general fund dollars are only one piece of the housing funding puzzle. There are still critical resources available:
  - a. CHFA: approximately 2.18 billion annually available through programs including 1.93 billion for single family and 250 million for multifamily.
  - b. Tax Credit and Bond allocation authority at highest levels ever. Annual State credit ceiling was increased in 1998 from \$35m to \$50m annually (in addition to any unused or returned credits from previous years)
  - c. Local Redevelopment agencies continue to contribute significantly
  - d. Continue to work with our Federal partners to maintain the federal governments historic commitment to housing finance
2. Another measure of partnership is jobs housing balance program, and planning
3. Potential for the 2.1 billion dollar housing bond
4. HCD's commitment to work with local governments:

- a. Work in partnership to make the housing element process more effective in revitalizing local communities and addressing community housing needs.

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- Expanded technical assistance materials
  - Working to develop new tools and resources
  - Visit communities to provide technical assistance and attend community meetings and forums
  - Regardless of what happens on SB 910, Create working group on housing elements
- b. Statewide forums with customers of our funding programs (also coordinate with our funding partners)
  - c. Sponsor, co-sponsor, participate in conferences
  - d. Convene other state agencies to identify resources for communities.

This partnership is further evidenced by:

1. An interdepartmental working group of officials from HCD and Cal-Trans to ensure better coordination and to facilitate achievement of related goals. We are exploring how housing funding can complement transportation objectives and how transportation planning can be better coordinated with State, regional, and local housing planning.
2. We are making headway in integrating housing and support services through cooperation between the Departments of Mental Health (DMH) and Developmental Services (DDS with HCD in administering housing and support services assistance.
3. We have also established partnerships between State Agencies to ensure we work together to achieve mutual goals. Examples include:
  - a. Tri-Agency Partnership on Environmental Permitting for Transportation including the Secretaries of BT&H, Resources and Cal EPA;
  - b. a Tri-Agency Local Government Brainstorming committee including BT&H, Cal EPA and Resource Agency with cities and counties and councils of governments on how to use the powers and resources of State Agencies to encourage better planning;
  - c. the California Financing Coordinating Committee, including HCD, Health Services, Water Resources; State Water Resources Control Board; California Technology Trade and Commerce Agency;

California Infrastructure and Economic Development Bank and our federal partner, USDA Rural Development. The CFCC provides coordinated and streamlined access to infrastructure financing. This

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year, the CFCC will hold over four funding fairs throughout the State to provide local agencies with information about state and federal infrastructure resources.

- d. State agencies have also coordinated to fund and assist an innovative local planning effort by Riverside County, the Riverside County Integrated Plan. We have worked to maintain and increase the critical core of affordable housing assistance available from federal sources.
- 4. Another significant partnership was the Commission on Building for the 21<sup>st</sup> Century, convened by the Governor to prepare recommendations to address California's infrastructure challenges. Members of the Commission included leaders representing business, labor, the environment, academics and government. The Commission recently released its report and outlined recommendations for comprehensively maintaining and building California's infrastructure. The report recognizes the critical infrastructure systems of the State; from transportation, housing, and water to technology; are interconnected and establishes coordinated, integrated recommendations for planning and investment.

### Growing Consensus:

Another reason, optimistic—Growing consensus on importance of housing and new coalitions forming. Business groups, regional and state level, environmentalist at table with builders,

### CIVIC ENGAGEMENT:

No place better able to rise to housing challenge than here: High level of civic and business engagement, home to oldest and most experienced non-profit housing developers in nation, significant leadership and institutional strengthens

Maintaining California's vitality will require all of our efforts to strengthen existing partnerships and to foster the development of new ones. A strong state commitment to promote and invest in increasing the supply of safe, affordable housing is vital to grow California's economy and build and

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sustain the kind of livable communities the residents of California deserve. The State stands ready as a full partner with local governments to ensure all the critical linkages between housing, the economy, our natural and agricultural resources, and ultimately the livability of our communities can be comprehensively addressed and sustained.

Having said that, I want to end with a description of other options for continuing to address housing needs with limited resources and a slowing economy?

### Financing:

- ensure Federal government maintain historic role in providing housing resources —economic stimulus package.
- continue/expand efforts to improve effective and timely use of redevelopment funds. To extend timelines increase percent of set aside for affordable housing 20-30 percent. Some communities already do.
- maintain and strengthen private sector pipeline of housing capital through federal community reinvestment act. Ensure lenders living up to requirements---local governments can form partnerships. San Diego area many local governments use their deposits as reward for innovative lenders.
- Look at private lenders to support and expand housing finance products: LEM, EEM, credit enhancement programs.
- Need to look at tapping into underutilized resources---expanded investment of pension funds for housing.
- Explore non tradition funding resources---MTC
- Consider Employer Assisted Housing Strategies, including Silicon Valley and other local housing trust funds, new college housing finance mechanisms.
- Lastly at time of reduced resources maximize funding by ensuring better link between housing finance and land-use. Higher densities reduce amount of subsidy needed.

### Non-Funding Resources:

Fundamental decisions about supply and affordability of housing made at local level through zoning and land use. Time to plan and plan well is now.

- Ensure adequate supply of appropriately zoned land.

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- Review zoning standards to ensure allow and promote diverse housing types.
- Update zoning and land-use standards to ensure allow and promote mixed-use, TOD, compact development.
- Update codes and development standards -- flexible enough -- shared parking for mixed-use, do building codes allow adaptive reuse of existing buildings.
- Increase development certainty:
  - zone land for multifamily use without requirement for CUP
  - ensure design standards are clear, objective and builder knows upfront what is expected
  - Implement minimum densities
  - Use CEQA exemption for Infill
  - Relegate more permitting process to administrative decisions
- Look for new and creative ways to address construction defect and defect litigation issues.
- Develop strategies/Campaign to educate about value and benefits of adequate housing supply, and who needs it. Work to dispel myths about affordable housing. Develop support for affordable housing projects during project application stage.
- Use broad interest in smart growth to build coalition for adequate, affordable housing supply as tool to grow smarter while reducing traffic congestion and preserving natural and agricultural resources.

So while the challenges we face are daunting, the imperative to act is even greater. I look forward to working with you today and in the coming months to chart a course that will ensure the State is a full partner in working with your communities to build strong neighborhoods and adequate and affordable housing for all of the workers, seniors and families who need and deserve it.

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